



Serving the Iowa Legislature

IOWA LEGISLATIVE INTERIM CALENDAR AND BRIEFING

December 30, 2016

2016 Interim No. 8

In This Edition

Calendar	1
Agenda	2
Briefings	3
<ul style="list-style-type: none"> • Administrative Rules Review Committee (12/13/16) • Health Policy Oversight Committee (12/13/16) • Legislative Tax Expenditure Committee (12/19/16) 	

December 2016

Su	Mo	Tue	We	Th	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

January 2017

Su	Mo	Tu	We	Th	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Wednesday, January 4, 2017

Legislative Council

1:00 p.m., Room 22, Statehouse

Friday, January 6, 2017

Administrative Rules Review Committee

9:00 a.m., Room 116, Statehouse

Monday, January 9, 2017

Eighty-seventh General Assembly 2017 Regular Session Convenes

10:00 a.m., Senate and House of Representatives Chambers, Statehouse

Iowa Legislative Interim Calendar and Briefing is published by the Legal Services Division of the Legislative Services Agency (LSA). For additional information, contact: LSA at (515) 281-3566.

AGENDAS

INFORMATION REGARDING SCHEDULED MEETINGS

Legislative Council

Chairperson: Representative Linda Upmeyer

Vice Chairperson: Senator Michael E. Gronstal

Location: Room 22, Statehouse

Date & Time: Wednesday, January 4, 2017, 1:00 p.m.

LSA Contacts: Glen Dickinson, Legislative Services Agency, (515) 281-3566, Richard Johnson, Legal Services, (515) 281-3894

Tentative Agenda: Confidential personnel matter and other business.

Internet Site: <https://www.legis.iowa.gov/committees/committee?groupID=703>

Administrative Rules Review Committee

Chairperson: Senator Wally Horn

Vice Chairperson: Representative Dawn Pettengill

Location: Room 116, Statehouse

Date & Time: Friday, January 6, 2017, 9:00 a.m.

LSA Contacts: Jack Ewing, Legal Services, (515) 281-6048; Tim Reilly, Legal Services, (515) 725-7354.

Agenda: To be announced.

Internet Site: <https://www.legis.iowa.gov/committees/committee?endYear=2016&groupID=705>

BRIEFINGS

INFORMATION REGARDING RECENT ACTIVITIES

ADMINISTRATIVE RULES REVIEW COMMITTEE

December 13, 2016

Chairperson: Senator Wally Horn

Vice Chairperson: Representative Dawn Pettengill

PUBLIC HEALTH DEPARTMENT, *Vital Records*, 11/23/16 IAB, ARC 2821C, NOTICE.

Background. This notice of intended action filed by the Department of Public Health (DPH) seeks to amend rules relating to restrictions on obtaining vital records from county officials, alternative systems for the vital record registry, and publication of vital record information.

Commentary. Ms. Susan Dixon, Agency Rules Administrator, and Ms. Melissa Bird, Bureau Chief for the Bureau of Health Statistics, spoke on DPH's behalf. Ms. Bird explained that the current law prohibits distribution of "plain paper copies," as opposed to certified copies, of vital records requested over the phone and does not allow county recorders to answer questions by telephone. This rulemaking would remove those restrictions and would allow a county recorder to mail plain paper copies of records. Ms. Bird noted that the in-person requirements were added to the rules at a time when the person looking for the records would personally search for them, which is no longer done.

A committee member asked what information a person could receive by way of a telephone request. Ms. Bird replied by explaining that currently, a person needs to go to a county recorder's office to obtain a vital record, where the recorder cannot ask who the person is or why they want the record. The change to allow distribution of records requested by telephone is being made to comply with Iowa Code chapter 22, which restricts prohibiting the distribution of vital record information and requiring in-person requests.

Another committee member asked if these proposed rule changes impact certified copies. Ms. Bird answered that they do not; a person looking for a certified copy of a vital record would still need to obtain it in person. Ms. Bird also stated that noncertified copies are limited to a cost of \$5 each, though specific costs are set by each county.

Action. No action taken.

EDUCATIONAL EXAMINERS BOARD, *Coaching—Transitional Authorization, Certificate of CPR Training*, 11/9/16 IAB, ARC 2793C, ADOPTED.

Background. This rulemaking implements the transitional coaching authorization established by 2016 Iowa Acts, House File 228. The rulemaking also added language requiring athletic coaches to obtain certified Cardio Pulmonary Resuscitation (CPR) training.

Commentary. Discussion centered on the language relating to CPR training. Committee members questioned why the board included language on a CPR training requirement when such a requirement had been considered in legislation during the 2016 Legislative Session that was not enacted. Board representatives Ms. Joanne Tubbs and Mr. Phil Wise explained that the board believes that it has the authority to establish such a requirement by rule and that the possibility of establishing such a requirement by rule was discussed during the 2016 Legislative Session. They also noted that various interested stakeholders including state athletic associations support the inclusion of a CPR training requirement in this rulemaking. Committee members expressed concern regarding the possible implementation by rule of legislation that failed to be enacted, regardless of the merits of the proposal.

Action. A motion for a session delay on the portions of ARC 2793C relating to CPR training passed on a short-form vote (seven votes required to pass).

NATURAL RESOURCE COMMISSION, *Turtle Harvesting*, 11/9/16 IAB, ARC 2802C, NOTICE.

Background. This notice of intended action filed by the Natural Resource Commission (NRC) implements 2016 Iowa Acts, House File 2357 by modifying rules relating to the harvesting of turtles. Through these rules, NRC seeks to restrict the harvesting period to July 16 through May 14 and establish daily catch limits of four for common snapping turtles, one for painted turtles, and one for spiny or smooth softshell turtles.

Commentary. Mr. Bruce Trautman, Deputy Director of the Department of Natural Resources (DNR), spoke on behalf of NRC. He noted that in 2015, there were 101 licensed turtle harvesters in the state. Those harvesters caught 10,210 wild turtles, which were sold for a total of \$53,845, bringing an average value of about \$0.75 per pound.

Mr. Trautman noted that NRC held five public meetings on this issue dating back to 2014. A committee member asked how many state employees were at each meeting. Mr. Trautman replied that one or two employees would have attended each meeting. The committee member stated a constituent had reported seeing "seven armed guards" at one meeting, producing an intimidating environment. Mr. Trautman stated that one conservation officer attended one of

BRIEFINGS

INFORMATION REGARDING RECENT ACTIVITIES

the meetings.

A committee member expressed concern that the catch limits are low enough that they will force commercial harvesters out of business, demonstrating a disregard for DNR's position during the legislative process that these changes would not put anyone out of business. Another committee member commented that this rulemaking proposal appears to be carrying out exactly what the legislature instructed NRC to do.

Ms. Neila Seaman of the Iowa Chapter of the Sierra Club spoke in support of the rules in general. She stated the rules fall short in protecting turtles during their breeding season and their semi-hibernation period. She stated that closing harvesting from January 1 through July 15 would better protect turtles, and that an initial draft of these rules did so but was rejected by the governor's office.

Mr. Mike Delaney spoke on behalf of the Iowa chapter of the Izaak Walton League. He also voiced support for the rules and noted that the decline in turtle populations has been noticeable.

Mr. Jim Obradovich, representing the Iowa Trappers Association, told the committee that some turtle harvesters will be forced to close their businesses, which in some cases serve as a primary source of income. Mr. Obradovich stated that his organization is hoping to work with NRC to make these rules more friendly to those commercial turtle harvesters. A committee member asked Mr. Obradovich what would allow such entities to remain in business. Mr. Obradovich suggested that NRC could issue different licenses for those who harvest turtles for commercial gain than for those who are "non-traditional" or hobby harvesters.

Action. No action taken.

Next meeting. The next committee meeting will be held in Room 116, Statehouse, on Friday, January 6, 2016, beginning at 9:00 a.m.

LSA Staff: Jack Ewing, LSA Counsel, (515) 281-6048; Tim Reilly, LSA Counsel, (515) 725-7354.

Internet Site: <https://www.legis.iowa.gov/committees/committee?groupID=705>

HEALTH POLICY OVERSIGHT COMMITTEE

December 13, 2016

Co-chairperson: Senator Amanda Ragan

Co-chairperson: Representative David Heaton

Background. The Health Policy Oversight Committee (HPOC) of the Legislative Council was established as a permanent legislative committee of the Legislative Council under Iowa Code section 2.45 in 2015 Iowa Acts, chapter 137, section 64, as amended by 2016 Iowa Acts, chapter 1139, section 97:

"The legislative health policy oversight committee, which shall be composed of ten members of the general assembly, consisting of five members from each house, to be appointed by the legislative council. The legislative health policy oversight committee shall meet at least two times, annually, during the legislative interim to provide continuing oversight for Medicaid managed care, and to ensure effective and efficient administration of the program, address stakeholder concerns, monitor program costs and expenditures, and make recommendations."

In addition, under 2015 Iowa Acts, chapter 137, section 63, as amended by 2016 Iowa Acts, chapter 1139, section 102, the committee is tasked with receiving the quarterly compilations of the input and recommendations of the monthly public meetings convened by the Department of Human Services (DHS) beginning in March 2016, and the bi-monthly meetings beginning March 2017 and continuing through December 31, 2017. The Legislative Council appointed the 10 members of the committee, including Senator Amanda Ragan and Representative David Heaton as co-chairpersons.

Department of Human Services (DHS) Review of Iowa Health Link Quarterly Report. Mr. Chuck Palmer, Director, DHS; Ms. Mikki Stier, Medicaid Director, DHS; Ms. Jean Slaybaugh, Chief Financial Officer, DHS; and Ms. Liz Matney, Managed Care Organization (MCO) Oversight and Supports, Bureau Chief, DHS, reviewed the MCO Report on the first quarter of state FY 2016-2017, published November 30, 2016. The report reflects the second quarter of the Medicaid managed care program. Ms. Stier noted that refinements have already been made to the data collection process and that the executive summary include additional details. Ms. Matney noted that during the first quarter of state FY 2016-2017, the department worked with the MCOs to move more members off the home and community-based services waivers waiting lists; had weekly Strengths, Weaknesses, Opportunities, and Threats (SWOT) meetings; continued to work on, but decided to push back the implementation date of the Eligibility and Verification Information System

BRIEFINGS

INFORMATION REGARDING RECENT ACTIVITIES

(ELVS) until late in calendar year 2017; and worked with the State Innovation Model grantees to increase the number of value-based contracts. The department updated and clarified the methodology of data reporting for several of the data elements in the current report compared with the initial report. Data elements highlighted by DHS representatives included adult members assigned to a health care coordinator; the number of community-based case manager contacts and community-based case management ratios for adult members; MCO member grievances and appeals; timely completion of services plans; timely completion of level of care assessments; timely answering of helpline calls and the top reasons for members contacting helplines; medical claims and pharmacy claims payment; utilization of value-added services; provider network access; prior authorization; medical loss ratio and administrative loss ratio; and program savings.

Discussion with Managed Care Organizations (MCOS). The committee discussed various issues with the representatives of the MCOs: Ms. Cheryl Harding, Market President, AmeriHealth Caritas Iowa; Ms. Cynthia McDonald, Plan President, Amerigroup; and Ms. Kim Foltz, Chief Executive Officer, UnitedHealthcare Plan of the River Valley, Inc.

Report of Public Input Sessions and Other Activities of the Medical Assistance Advisory Council (MAAC). Mr. Gerd Claybaugh, Director of Public Health and Co-chairperson of the MAAC and of the MAAC executive committee, and Mr. David Hudson, public member and Co-chairperson of the MAAC and the MAAC executive committee, provided information and the schedule regarding the public input sessions that will continue to be held throughout the state in 2017 to provide for input and feedback on Medicaid managed care. Director Claybaugh also reported that the MAAC and the MAAC executive committee are continuing to work on action items and a recommendations document.

Update from the Managed Care Ombudsman Program. Ms. Lynzey Kenworthy, Legislative Liaison and Policy Coordinator, Office of the State Long-Term Care Ombudsman, provided an overview of the Managed Care Ombudsman Program, created in 2015 to advocate for Medicaid managed care members who receive long-term services and supports in health care facilities or through one of the seven home and community-based services waiver programs.

Public Comment. The committee received public comment in person and through submissions in writing. The public comments submitted in writing will be posted on the committee's webpage. Those public comments not submitted in writing will be summarized in the minutes of the meeting.

Committee Discussion and Next Steps. The committee discussed the need to continue to meet to provide oversight for Medicaid managed care.

Committee Documents. Documents distributed at the meeting are posted on the committee's webpage: <https://www.legis.iowa.gov/committees/meetings/documents?committee=24165&ga=ALL>

LSA Contacts: Patty Funaro, Legal Services, (515) 281-3040; Ann Ver Huel, Legal Services, (515) 281-3837
Internet Site: <https://www.legis.iowa.gov/committees/committee?ga=86&groupID=24165>

LEGISLATIVE TAX EXPENDITURE COMMITTEE

December 19, 2016

Co-chairperson: Senator Joe Bolkcom

Co-chairperson: Representative Tom Sands

Overview. In 2010, Iowa Acts, ch. 1138 (SF 2380), established the Legislative Tax Expenditure Committee under Iowa Code §§2.45(5) and 2.48. The committee is required to conduct regular reviews of tax credit, withholding credit, and revenue division programs. The committee may review any tax expenditure at any time but is required to review specific tax expenditures during specified years. In 2016, the committee is scheduled to conduct two meetings and is required to review (1) the homestead property tax credit, (2) the elderly and disabled property tax credit, (3) the agricultural land property tax credit, (4) the business property tax credit, (5) the military service property tax credit, (6) the commercial and industrial property tax replacement claims, (7) the high quality jobs program, (8) the research activities tax credit, (9) the franchise tax credit, and (10) the earned income tax credit. The first six topics and others were reviewed at the committee's first meeting, held on November 30, 2016.

High Quality Jobs Program. Ms. Debi Durham, Director, Iowa Economic Development Authority (IEDA), and Dr. Zhong Jin, Senior Fiscal Policy Analyst, Tax Research and Program Analysis Section, Iowa Department of Revenue (IDR), each made presentations on the High Quality Jobs Program (HQJP). Director Durham spoke broadly about the purpose of the HQJP and its various tax and other incentives, and provided historical data on the amount of direct assistance and tax credit awards made under the HQJP to eligible businesses both before the IEDA underwent a sub-

BRIEFINGS

INFORMATION REGARDING RECENT ACTIVITIES

stantial reorganization in 2012, and after such reorganization. From October 2005 through June 2012 (pre-reorganization), IEDA provided \$60,340,400 of direct financial assistance and made \$537,622,067 in tax credit awards. From July 2012 through November 2016 (post-reorganization), IEDA provided \$36,962,500 in direct financial assistance and made \$327,265,163 in tax credit awards. This financial assistance and tax credit data was then analyzed according to the number of jobs created or retained, and amount of capital investment made, by eligible businesses under HQJP agreements. Finally, Director Durham discussed several case studies from eligible businesses that have entered into HQJP agreements with IEDA.

Dr. Jin described the HQJP's state tax incentives consisting of the investment tax credit, the sales and use tax refund, and the supplemental research activities tax credit, and provided data on those tax incentives for tax years 2006-2014 by total claims, average claims, claims by tax type, claims by industry, and claim share for all projects by award year. He described several reasons why a portion of the tax incentive awards go unclaimed by the eligible businesses. Dr. Jin next analyzed HQJP projects that were completed in good standing from 2005 through 2010, meaning the eligible business completed the project and fulfilled the agreement, including the five-year performance and maintenance period of the agreement, without being put into default by IEDA. This group comprises 110 projects which were awarded a total of \$196.9 million of tax incentives, \$115.4 million of which have been claimed to date. The proportion of tax incentives claimed for these projects was analyzed by award year and incentive type.

Finally, Dr. Jin explained how he examined the effectiveness of the HQJP using historical and other data in an attempt to answer several questions related to whether the HQJP creates an incentive to invest in Iowa, whether the HQJP's investments have a measurable economic impact on the local economy, and whether the HQJP provides an incentive in location choices. He stressed the natural limits of engaging in such an examination using the available data because it is difficult to know how the economy would have behaved in the absence of the HQJP. Dr. Jin explained his experiments, including his hypotheses, testing approaches and measurements, analysis examples, estimation results, and caveats. Dr. Jin stated that his analysis suggests the HQJP can likely serve to incentivize investment decisions between states, and that HQJP projects do spur additional economic activity.

Franchise Tax Credit. Dr. Mandy Jia, Senior Fiscal Policy Analyst, Tax Research and Program Analysis Section, IDR, presented a report on the franchise tax credit, which is a nonrefundable administrative tax credit available to shareholders of financial institutions organized as S corporations. It is provided to avoid double taxation because S corporation financial institutions are themselves subject to the franchise tax. The tax credit generally equals the shareholder's pro rata share of the Iowa franchise tax paid by the financial institution. Dr. Jia explained the history, calculation and key features of the tax credit. She also explained the structure and calculation of the Iowa franchise tax, the taxation of financial institutions in other states, a profile of franchise tax taxpayers in tax year 2014, and the historical distribution of Iowa franchise tax revenues. Dr. Jia analyzed franchise tax revenues versus tax credit claims, as well as franchise tax credits available, claimed, and expired by tax year. For fiscal years 2007-2015, annual Iowa franchise tax revenues averaged \$31.5 million, and annual Iowa franchise tax credit claims averaged \$15.5 million. Tax credit claims were also analyzed by residency status and income group. Finally, Dr. Jia provided options for potential administrative changes to eliminate the tax credit.

Research Activities Credits. Dr. Tony Girardi, Senior Fiscal Policy Analyst, Tax Research and Program Analysis Section, IDR, presented a report on the Iowa research activities tax credit (RAC) and the Iowa supplemental research activities tax credit (Supplemental RAC), which are refundable tax credits for increases in qualifying expenditures associated with research conducted in Iowa. The RAC is an automatic credit for those taxpayers who meet the requirements, while the Supplemental RAC is awarded by the IEDA under the HQJP. Dr. Girardi provided background information on the RAC, including its relationship to the federal research activities tax credit. He described the two calculation methods for the RAC, the regular method and the alternative simplified method. The regular method has been available since 1985, and the alternative simplified method has been available since 2010. Taxpayers may choose either method in calculating their RAC. He also described the calculation of the Supplemental RAC, including recent changes made in 2011 which vary the tax credit rate according to the taxpayer's gross revenues. Dr. Girardi gave an overview of the federal research activities credit and similar credits in other states. He then provided statistical data regarding the tax credits earned by tax year and by calculation method, and the amounts and percentages paid as refunds. Finally, Dr. Girardi explained how he examined the effectiveness of the tax credits using historical and other data in an attempt to answer several questions related to the impact of the availability of the alternative simplified calculation method on firms' research spending, the impact of calculation changes to the tax credits, and the research spending generated by the tax credits in Iowa.

Earned Income Tax Credit. Mr. John Good, Fiscal Policy Analyst, Tax Research and Program Analysis Section, IDR, presented a report on the Iowa earned income tax credit (EITC), which is refundable tax credit equal to 15 percent of the federal EITC. Mr. Good summarized the qualifications for the federal EITC, and provided history on the Iowa EITC

BRIEFINGS

INFORMATION REGARDING RECENT ACTIVITIES

and information on similar credits in other states. He also provided numerous historical data for the Iowa EITC, including the number and amount of claims by tax year, including amounts paid as refunds; and tax year 2014 claims by filing status, number of dependents, age, household adjusted gross income, and county. He noted that many Iowa EITC claimants also receive other state assistance, and provided some information on that assistance and the number of Iowa EITC claimants receiving that assistance. Mr. Good provided longitudinal data on Iowa EITC claimants' future utilization of the Iowa EITC after the first year it is claimed by that person. This included comparison data between one-year and long-term Iowa EITC claimants, the average claim each year, the major reasons for moving in and out of claiming the Iowa EITC, and the average wage growth of the claimants. Finally, Mr. Good analyzed several Iowa EITC data as it compares to the minimum wage and federal poverty guidelines.

Committee Discussion and Public Comment. The committee discussed the presentations made during the meeting. During the public comment period several members of the public expressed views on the RAC and the EITC, including but not limited to views on the desire to comprehensively review the effectiveness of the RAC and the desire for maintaining refundability of that credit.

LSA Staff: Mike Mertens, Legal Services, (515) 281-3444; Michael Duster, Legal Services, (515) 281-4800.

Internet Site: <https://www.legis.iowa.gov/committees/committee?ga=86&groupID=594>